



August 13, 2014

Item No. 6

**AUTHORIZATION TO EXTEND THE EXISTING PROPERTY MANAGEMENT
CONTRACTS AT CHA DEVELOPMENTS**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer ("CEO") or his designee to extend the existing professional service agreement with Eastlake Management Group, Inc., The Habitat Company, Hispanic Housing Development Corporation, H.J. Russell & Company, and Woodlawn Community Development Corporation for property management services for CHA's north side senior and scattered sites west properties from October 1, 2014 to January 31, 2015; for family properties and the remaining senior and scattered sites properties from November 1, 2014 to January 31, 2015 and for the Mixed Income Acquisition properties from January 1, 2015 to January 31, 2015, for an amount not to exceed \$2,486,188 in property management fees.

The Deputy Chief Property Officer of Asset Management, the Chief Housing Officer, the Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE GOAL

PLAN FORWARD GOAL 2:

Ensure that CHA's housing portfolio is safe, decent and sustainable, as well as improve operational effectiveness, cost efficiency and align the property manager's fee structure with direct performance outcomes of the property.

FUNDING

CHA General Fund

Vendors

The Habitat Company
350 W. Hubbard Street
Chicago, IL 60610

H.J. Russell & Company
504 Fair Street
Atlanta, Georgia 30313

Woodlawn Community Development Corporation
6040 S. Harper Avenue
Chicago, IL 60637

Hispanic Housing Development Corporation
365 N. Wells St. 8th Floor
Chicago, IL 60654

Eastlake Management Group, Inc.
2850 S. Michigan
Chicago, IL 60616

Contract Type: Professional Services
Contract Extension Amount: \$2,486,188
Contract Extension Period: October 1, 2014 – January 31, 2015

THE HABITAT COMPANY (FAMILY PORTFOLIO) (CONTRACT #9092)
M/W/DBE Participation: MWDBE 20%

Section 3:
(15) Hiring (3%) Subcontracting

THE HABITAT COMPANY (SENIOR PORTFOLIO) (CONTRACT #9089)
M/W/DBE Participation: MWDBE 20%

Section 3:
(13) Hiring (3%) Subcontracting

H. J. RUSSELL & COMPANY (MBE) (FAMILY PORTFOLIO) (CONTRACT #9077)
M/W/DBE Participation: MWDBE 20%

Section 3:
(5) Hiring (3%) Subcontracting

H. J. RUSSELL & COMPANY (MBE) (SCATTERED SITES PORTFOLIO) (CONTRACT #9075)
M/W/DBE Participation: MWDBE 20%

Section 3:
(9) Hiring (3%) Subcontracting

HISPANIC HOUSING DEVELOPMENT CORP. (SCATTERED SITES PORTFOLIO) (CONTRACT #9095)
M/W/DBE Participation: MWDBE 20%

Section 3:
(10) Hiring (3%) Subcontracting

**WOODLAWN COMMUNITY DEVELOPMENT CORP. (SCATTERED SITES PORTFOLIO)
(CONTRACT #9094)**
M/W/DBE Participation: MWDBE 20%

Section 3:
(4) Hiring (3%) Subcontracting

WOODLAWN COMMUNITY DEVELOPMENT CORP. (SENIOR PORTFOLIO) (CONTRACT #9091)
M/W/DBE Participation: MWDBE 20%

Section 3:
(9) Hiring (3%) Subcontracting

EAST LAKE MANAGEMENT (MBE) (SENIOR PORTFOLIO) (CONTRACT #9090)

M/W/DBE Participation: MWDBE 20%

Section 3:

(27) Hiring (3%) Subcontracting

EAST LAKE MANAGEMENT (MBE) (FAMILY PORTFOLIO) (CONTRACT #9093)

M/W/DBE Participation: MWDBE 20%

Section 3:

(8) Hiring (3%) Subcontracting

GENERAL BACKGROUND

The original Property Management contracts were awarded to five private management firms after a competitive RFP process in 2009; Eastlake Management Group, Inc., The Habitat Company, Hispanic Housing Development Corporation, H.J. Russell & Company, and Woodlawn Community Development Corporation. The contract was for a base period of two years with three 1-year option periods. The third and final option year expires on September 30, 2014 for north side senior and scattered sites west properties; October 31, 2014 for family, the remaining senior and scattered sites properties and December 31, 2014 for the Mixed Income Acquisition properties.

On May 27, 2014, RFP 14-01343 was released to solicit proposals from well qualified property management firms experienced in the management and operation of low-income, subsidized, affordable, and/or public housing properties to provide property management services to CHA's residents.

The new Property Management contracts will include:

- Management fees based on an incentive and disincentive structure.
 - Fees tied to financial and operational outcomes of property.
- 3-year base term, with one 2-year option period (for a total of 5 years if option is exercised)
- Flexibility to implement changes over time to incorporate new elements of Uniform Housing Policy & Plan Forward.
- A total of 5 contracts will be awarded, one for each region in the city.

In order to allow more time for the marketing of the RFP and completion of the written proposals, Asset Management extended the due date for the RFP proposals from July 3, 2014 to September 3, 2014. As a consequence of the extension of the due date for the proposals, the current contracts will need to be extended.

The following fees are recommended so that the current firms can continue to manage the CHA Asset Management portfolio until new firms have been selected:

| Contract # | Property Group | Firm | Monthly Fee/Occupied Unit | Units | # months Contract Extension | Total Max Management fee for Extension Period |
|-------------------|-----------------------|-------------|----------------------------------|--------------|------------------------------------|--|
| 9090 | Senior | Eastlake | \$39 | 1,814 | 3 | \$212,238 |
| 9093 | Family | Eastlake | \$39 | 3,611 | 3 | \$422,487 |
| 11113 | Mixed Income | Eastlake | \$46 | 141 | 1 | \$6,486 |
| 9074 | Senior | Habitat | \$45 | 3,025 | 4 | \$544,500 |
| 9089 | Senior | Habitat | \$45 | 879 | 3 | \$118,665 |
| 9092 | Family | Habitat | \$45 | 1,430 | 3 | \$193,050 |
| 9095 | Scattered Sites | HHDC | \$44 | 1,111 | 3 | \$149,985 |
| 9075 | Scattered Sites | H J Russell | \$34 | 469 | 4 | \$63,784 |
| 9077 | Family | H J Russell | \$34 | 1,507 | 3 | \$153,714 |
| 9091 | Senior | WCDC | \$44 | 3,237 | 3 | \$427,284 |
| 9094 | Scattered Sites | WCDC | \$45 | 1,437 | 3 | \$193,185 |
| TOTAL | | | | 18,655 | | \$2,486,188 |

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The Chief Housing Officer concurs with the recommendation to extend the existing property management contracts at CHA developments.

The CEO/President recommends the approval to extend the existing professional service agreement with Eastlake Management Group, Inc., The Habitat Company, Hispanic Housing Development Corporation, H.J. Russell & Company, and Woodlawn Community Development Corporation for property management services for CHA's north side senior and scattered sites west properties from October 1, 2014 to January 31, 2015; for family properties and the remaining senior and scattered sites properties from November 1, 2014 to January 31, 2015, and for the Mixed Income Acquisition properties from January 1, 2015 to January 31, 2015, for an amount not to exceed \$2,486,188 in property management fees.

RESOLUTION NO. 2014-CHA-82

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated August 13, 2014 entitled "AUTHORIZATION TO EXTEND THE EXISTING PROPERTY MANAGEMENT CONTRACTS AT CHA DEVELOPMENTS";

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners authorizes the Chief Executive Officer ("CEO") or his designee to extend the existing professional service agreements with Eastlake Management Group, Inc., The Habitat Company, Hispanic Housing Development Corporation, H.J. Russell & Company, and Woodlawn Community Development Corporation for property management services for CHA's north side senior and scattered sites west properties from October 1, 2014 to January 31, 2015; for family properties and the remaining senior and scattered sites properties from November 1, 2014 to January 31, 2015 and for the Mixed Income Acquisition properties from January 1, 2015 to January 31, 2015, for an amount not to exceed \$2,486,188 in property management fees.



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